CONSUMER CONTROL IN ORGANIZATIONS SERVING THREE LOW INCOME COMMUNITIES

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Introduction

Reagan administration sponsored reductions in government support have forced social workers to adopt service delivery strategies oriented toward conserving resources rather than expanding the provision of services. The emphasis toward efficiency in service provision has had a detrimental effect on the supply of service. Gilbert (1983) maintains that since the mid-1970's, government funding has become more readily available to organizations serving fee paying, middle income consumers. As organization priorities have shifted in order to qualify for Federal monies, fewer programs provide services exclusively for poor clients.

Recent studies by Ostrander (1985) and Gronbjerg (1986) confirm that social welfare organizations have reduced access to services for the poor in response to the Reagan budget cuts. Although a few researchers (Hasenfeld, 1985. Lipsky, 1980) have identified income-tested eligibility requirements as the primary strategy used by organizations to limit client access, additional strategies used by organizations to control service provision have largely not been addressed in the empirical literature. The utilization of access strategies that promote consumer control of service provision (advocacy, citizen participation, and the employment of indigenous staff) have also not been documented. Consumer-oriented delivery strategies have their roots in the social reform movement of the 1960's and may have been abandoned as a consequence of Reagan era efficiency goals (Hardina, 1988). This paper examines consumer control in organizations serving three low income communities in Chicago in 1985 subsequent to the Reagan budget cuts.

Literature Review

During periods of government retrenchment, social welfare organizations are faced with the problem of obtaining new sources of funding while maximizing consumer access. Dependent on funding from government agencies, foundations, and individual donors, organizations are obligated to comply with government regulations, foundation priorities, and the demands of community residents (Blau, 1964. Hasenfeld, 1984). According to Blau all helping behavior takes place in the context of power-dependency relationships between resource rich donors and resource poor recipients. A person (or organization) who possesses resources and who supplies services on demand to others obligates them to reciprocate. By providing benefits in a one-way exchange, a donor who accumulates obligations can require compliance to his or her wishes and thus gain power. The recipient's change in behavior serves to "repay" the donor for his or her services. Recipients have four alternatives with which to avoid compliance with the donor's demands:

- they can obtain the service from another source
- they can supply the donor with a service of equal value
- they can coerce the donor to provide the service
- they can learn to live without the service (pp. 118-119).

Hasenfeld (1984) argues that in order to cope with resource scarcity and fiscal uncertainty, organizations will turn to funding sources external to the community served. Power is likely to be concentrated in those external units in which fiscal resources are located. In order to survive, social welfare organizations may become "captives" of large donors, "doing their political and ideological bidding" (p. 525). Fiscal constraints force organizations to choose between securing needed resources or organization autonomy. Consequently, organizations may abandon programs that are not consistent with the interests of the dominant donors. Non-profit organizations can attempt to generate alternative sources of power by raising funds locally or developing powerful boards of directors.

Tourginy and Miller (1981) argue that the locus of responsibility for policy-making in community-based organizations is solely a function of the organization's source of funding and the degree of attachment to the local community. Organizations that receive funding exclusively from sources external to the community and that have weak community representation on their boards have little input into developing the policies that govern their organization. Policy is generated by government agencies or foundation directors. In organizations that receive funding exclusively from sources internal to the community (grass-roots fund-raising), policy is made by organization participants with input from community residents. Tourginy and Miller suggests that the value of strong community representation is that the board's advocacy on behalf of local residents will mitigate against the regulatory demands of external funders. Policy will be made by both the local board and the funding agency.

Strategies such as citizen participation, and hiring clients are mechanisms that can be used by organization boards to enhance the consumer's control over the provision of services (Gilbert and Specht, 1986). The establishment of formal citizen participation mechanisms allows clients to have a role in determining the design and delivery of social service programs (Burke, 1979). Hiring clients for staff positions often helps to bridge the cultural gaps that may occur between highly educated, professional workers and residents of economically depressed, minority communities (Katan, 1974). This access strategy empowers consumers by enhancing communication between the organization and the people it serves and by providing employment opportunities for community residents. Advocacy can also be oriented toward empowering consumers. Consumer or self-help advocacy as defined by Sauber (1983) involves the use of influence or the mobilization of pressure to achieve changes in service quality.

Gilbert and Specht also identify two strategies commonly used in organizations to enhance the control of professional workers: rationing services through bureaucratic eligibility procedures and the coordination of services. Control of service delivery is maintained through the enforcement of income related eligibility requirements and the rationing of services. Income-testing is often accompanied by stigmatizing worker behavior and intrusive requests for personal information. Consequently, applicants may be discouraged from seeking service (Lipsky, 1980. Prottas, 1981). Coordination efforts often involve "interventions which clients an not coordinate for themselves" and have a tendency to become oriented toward the needs of program managers rather than increasing client access to services (Kahn and Kamerman, 1978). Gilbert and Specht (1986) believe that professional control strategies and strategies used to empower consumer's are mutually exclusive. Organizations are oriented toward either consumer or professional control.

Client-exclusive organizations limit access to service by employing only service professionals, excluding clients from participation in decision making, and narrowly defining eligibility for service. Alternatively, a consumer-inclusive organizations employs community residents and encourages citizen participation and self-help oriented advocacy (Hardina, 1988). The difference between a client and a consumer involves the recipient's relationship with the service provider. The consumer has a choice among diverse services agencies and individual providers. A client on the other hand, enters into a power-dependency relationship in which he/she will be "controlled by the helper". (Dewar, 1979: 248). The service provider has the power to determine whether the client is "worthy" of assistance; the client is dependent on the provider for continued access to goods, services, and information about organization policies and procedures.

Methodology

The research question addressed by this paper concerns the impact of funding sources and organization structure on consumer control of social welfare organizations. The influence of both funding sources and organization boards determine the type of access strategies used by the organization; these strategies will exclude clients from receiving services or include consumers in organization decision-making and service delivery (Rein, 1983). This paper examines three hypotheses:

- External funding (government and foundation) and weak community board representation are negatively associated with consumer control in organizations.

- External funding (government and foundation) and strong community boards are positively associated with consumer control in organizations.

- Internal funding (grass-root) is positively associated with consumer control in organizations. (See Figure)

Consumer control is defined as the presence of self-help advocacy, citizen participation, and the hiring of former clients and the absence of income testing and coordination.

Fifty-three social welfare organizations serving three Chicago communities were surveyed by researchers at the School of Urban Planning and Policy at the University of Illinois, Chicago during the Summer of 1985. Questionnaires were mailed to organization directors and follow-up interviews were conducted in order to determine the effects of funding sources and board representation on the organization's use of service delivery strategies. The study population included all the social welfare organizations serving the communities of Little Village, Austin, and East Side. The response rate was 80%. These communities were selected in order to reflect both economic hardship and ethnic diversity. One community is primarily Hispanic, one is primarily black, and the third contains a majority of residents who are white ethnics. The respondent organizations included seven branch offices of public agencies, 10 food pantries, and 36 non-profit organizations.

The data analysis portion of the study employed a minxture of regression, cross-tabulation, and qualitative analysis to examine the influence of board members and funders in determing the manner in which services are delivered in low income communities. A "consumer control" scale was constructed to measure the degree of consumer access to

IMPACT OF FUNDING AND BOARD REPRESENTATION[a] ON ACCESS CONTROL STRATEGIES

	COMMUNITY BOARDS	
	Weak	Strong
	CLIENT-EXCLUSIVE (low consumer control)	CONSUMER-INCLUSIVE (high consumer control)
EXTERNAL FUNDING (Government & Foundation)	Coordination Income-testing No Clients Are Hired No Self-help Advocacy No Citizen Participation	No Coordination No income-testing Clients are Hired Self-help Advocacy Citizen Participation
	CONSUMER-INCLUSIVE (high consumer control)	CONSUMER-INCLUSIVE (high consumer control)
INTERNAL FUNDING (Grass-roots)	No Coordination No income-testing Clients are Hired Self-help Advocacy Citizen Participation	No Coordination No income-testing Clients are Hired Self-help Advocacy Citizen Participation

[a]Adapted from Gilbert and Specht (1974) and Tourginy and Miller (1981).

Figure: Typology of access strategy utilization in social welfare organizations. organizations.

services and decision-making processes in the surveyed organizations. Consumer control was measured using a five point summated scale that measures the presence (1) or absence (0) of access strategies oriented toward increasing the power of service consumers. These strategies as defined by Gilbert and Specht (1986), Sauber (1983), and Lipsky (1980) are: the presence of self-help advocacy, citizen participation, and hiring former clients and the absence of income-testing and coordination. The organization's largest source of funding and the percentage of both community residents and clients on the organization's board of directors were the independent variables.

Funding source was measured using the organization's largest source of funding. The funding categories included: government (federal, state, local), foundation (private foundations, corporate donors and the United Way), and grass-roots support (individual contributions, fund-raising events, and in-kind donations). The degree of resident and client representation on the board were measured using two continuous variables: the percentage of community residents on the board and the percentage of clients on the board. Budget size and neighborhood were used as control variables.

Linear regression was used to examine the interaction of funding sources and board composition on the level of consumer control in the organization, controlling for both budget size and neighborhood. This analysis was supplemented through the use of a typology of organizations that describes the degree of consumer control in organizations by largest funding source and board representation.

Results

Tourginy and Miller (1981) argue that funding sources and board representation impact on the degree of consumer control in organizations. In order to test this assumption, statistically, a consumer control scale has been constructed by adding positive responses for the presence of the following access strategies in each of the surveyed organizations:

- self-help advocacy
- citizen participation (involvement of clients in planning)
- hiring clients
- no income-testing to determine eligibility
- no coordination (joint programs and plans).

Scores on the scale range from a low of "0" to a high of "5".

Only one of the organizations is rated "5" on the scale. Three organizations, six percent of the total, have a rating of four. Only one organization is rated "0". Ninety percent have mid-range scores of "1", "2" or "3". The average score on the consumer control scale is 2.04 (see Table 1). Although the organization's largest funding source does influence consumer control, budget size is also significant in determing the degree of consumer access to services. Board representation has a somewhat limited affect on consumer control. The findings from the statistical test of the model are presented below. Also discussed are the impact of both funding source and budget size on service delivery in the surveyed organizations and the interaction effects of funding sources and board representation. A typology of organizations by funding source and budget size is also presented.

TABLE 1

THE DEGREE OF CONSUMER CONTROL IN ORGANIZATIONS

CONSUMER CONTROL SCORE	FREQUENCY	PERCENT
Zero	1	2%
One	15	28%
Two	23	43%
Three	10	19%
Four	3	6%
Five	1	2%
Total	53	100%

<u>The effect of funding and boards on consumer control: A statistical test of the model</u>

Three hypotheses are used to test whether funding sources and board representation influence the degree of consumer control in social welfare organizations. Hypothesis 1 postulates that external funding sources and weak community board representation are negatively associated with consumer control. Regression Model 1 explains 27% of the variation in consumer control scores, but is not statistically significant, having an F value of 1.83 at $p = 0.11$). Hypothesis 1 is rejected. (See Table 2).

TABLE 2

REGRESSION ANALYSIS: THE EFFECT OF FUNDING SOURCES AND BOARD REPRESENTATION ON CONSUMER CONTROL

INDEPENDENT VARIABLES	RAW REGRESSION COEFFICIENTS		
	Model 1 (External Funding Weak Board)	Model 2 (External Funding Strong Board)	Model 3 (Grass-root Funding)
Government	0.50	-0.32	
Foundation	0.73[a]	1.01[b]	
Grass-root			-0.58
Resident Board	0.00	0.00	
Client Board	-0.00	0.00	
Budget	1.44[b]	3.68[a]	3.64[a]
Little Village	0.88	0.22	-0.95
Austin	-0.03	-0.22	-0.27
Government* Resident Board		-0.00	
Government* Client Board		-0.00	
Foundation* Resident Board		-0.00	
Foundation* Client Board		0.00	
	RSQ = 0.27 F = 1.83 p = 0.27	RSQ = 0.47 F = 2.41 p = 0.03	RSQ = 0.21 F = 3.22 p = 0.02

[a]Significant at <= 0.05
[b]Significant at <= 0.10

Hypothesis 2 states that the combination of external funding and strong community board representation are positively associated with consumer control. Regression Model 2 explains almost 50% of the variation (R-square) when budget size and neighborhood are controlled in the degree of consumer control and is statistically significant (with an F value of 2.41 at p = -0.03). Hypothesis 2 is not confirmed, however. Of the two external funding variables (government and foundation, only foundation funding is statistically significant (and positively related) to consumer control. Budget size, a control variable, also has a statistically significant (and positive) relationship with consumer control. Government funding, resident board representation, client board representation, and the interaction effects of funding sources and board representation are not statistically significant in predicting consumer control in organizations.

Hypothesis 3 states that a positive relationship is assumed between internal funding and consumer control regardless of the strength of board representation. Regression Model 3, controlling for neighborhood and budget size, explains 21% of the total variance (R-square), in the degree of consumer control and is significant (with and F value of 3.22 at p = 0.02). Grass-roots funding is negatively related to consumer control and is not significant in predicting consumer control in organizations, when budget size and neighborhood are controlled. This hypothesis is also rejected.

<u>Consumer control as a function of budget size and funding source</u>

The ability to raise funds from outside the local community is the most important factor in determining the level of consumer control among the surveyed organizations. When consumer control is examined solely by budget size, almost 85% of the organizations with low scores of "0" or "1" on the consumer control scale have budgets of less than $100,000. Sixty percent of the organizations with scores of "3" have budgets over $100,000. Of the three organizations scoring "4", two have budgets between $100,000 and $250,000, while the remaining organization has a budget of less than $25,000. The organization with a high score of "5" has a budget of $4,000,000. The ability of the organization to control its resources determines whether the organization utilizes strategies to expand client access. Organizations with limited ability to attract resources are the least likely to establish mechanisms that enhance consumer control.

Organizations that receive their largest source of funding from outside the local community, by and large, have the ability to increase consumer access. Those organizations receiving foundation funding rank higher on the consumer control scale than organizations with government or grass-root support. Forty-two percent of the foundation funded organizations score at least "3" on the scale compared to 22% of the government funded organizations and 10% of the grass-roots organizations. All of the three organizations ranked "4" receive funding from foundations. The organization ranked 5" receives its largest funding source from government, however. This organization also has the largest budget of all the surveyed organizations. Low levels of consumer control are also related to budget size. All of the grass-roots funded organizations have budgets under $25,000 per year; sixty percent of these organizations have low scores of "0" or "1" on the consumer control scale. (See Table 3).

TABLE 3

LARGEST FUNDING SOURCE BY DEGREE OF CONSUMER CONTROL

CONSUMER CONTROL	LARGEST FUNDING SOURCE		
	Government	Foundation	Grass-root
Zero	1 (5%)	0 (0%)	0 (0%)
One	6 (27%)	2 (11%)	6 (60%)
Two	10 (45%)	9 (47%)	3 (30%)
Three	4 (18%)	5 (26%)	1 (10%)
Four	0 (0%)	3 (16%)	0 (0%)
Five	1 (5%)	0 (0%)	0 (0%)
Total (N = 51)	22 (100%)	19 (100%)	10 (100%)

The interaction of funding sources and board membership

Although board representation does not appear to mitigate against the influence of external funders, there is a strong relationship between board representation and the largest funding source used by the organization. Foundation funded organizations are more likely than those receiving government support to seat clients on their boards and have a majority of board members who are residents of the local community. Fifty-percent of the government funded organizations have no client members on their boards compared to 22% of those organizations receiving their largest source of funding from foundations. Grass-roots organizations are the least likely to have either community or client representation. Of the 10 grass-roots organizations surveyed, six do not have formal board structures. Of the four grass-roots organizations with boards, only one has client members. (Hardina, 1988).

A typology of consumer control by funding source and board representation

Tourginy and Miller (1981) argue that the degree of community control in organizations in a function of both funding sources and board representation. According to their theory of policy-making in community-based organizations, the degree of consumer control in decision-making should be weak in organizations with little community board representation that receive external funding and strong in organizations with a high degree of community board representation and internal funding. Organizations with strong boards and external funding and organizations with informal structures should exhibit a degree of consumer control which falls between these two extremes. In order to examine whether assumption holds true for the surveyed organizations, a typology of organizations has been created. For this study, the surveyed organizations are classified by their largest source of funding (government, foundation, grass-root) and by board representation. The degree of board representation is divided into three categories:

- low community resident and client representation.
- high community resident and low client representation.
- high community resident and client representation.[1]

The majority of the surveyed organizations receive either government or foundation funding and have few clients on their boards. Of the 10 government funded organizations with low resident and client representation, seven are branch offices of public agencies. In order to illustrate the combined effect of funding sources and board representation on consumer control (the presence of consumer-inclusive strategies of access control and the absence of client-exclusive strategies), a mean score on the consumer control scale has been calculated for each of the eight sub-types of organizations represented in the typology. (See Table 4). Tourginy and Miller's contention that organization's funded exclusively by local residents would have the highest degree of local control is not supported by this study; these organizations have the lowest mean score (1.5) on the consumer control scale regardless of board representation. These organizations have small budgets and are not able to sustain formal access mechanisms.

[1]Low representation was judged to be less than 50%; high representation was judged to be 50% or more.

TABLE 4

TYPOLOGY OF ORGANIZATIONS: BY LARGEST FUNDING SOURCE AND BOARD REPRESENTATION (Number of Organizations and Mean Consumer Control Scores)

BOARD REPRESENTATION	EXTERNAL FUNDING		INTERNAL FUNDING
	Government	Foundation	Grass-root
Low resident/ low client	10 (1.9)	8 (2.5)	6 (1.5)
High resident/ low client	9. (2.0)	7 (2.3)	4 (1.5)
High resident/ high client	2 (2.0)	3 (3.0)	-
Total	21 (1.9)	18 (2.6)	10 (1.5)

N = 49

The argument that externally funded organizations with weak community boards should have low control scores also does not hold true. Government funded organizations have a mean consumer control score of "2". Government funded organizations tend to have larger budgets than foundation and grass-roots supported organizations and can afford to hire clients and promote other access enhancing strategies. Such organizations are also affected by regulatory requirements that limit access to services for some clients (such as testing). There is no difference in the degree of consumer control in government funded organizations by degree of board representation.

Seven of the 10 organizations with low resident/client representation are branch offices of public agencies; both of the government funded organizations with high resident/client representation are food pantries. It appears that government funding promotes moderate levels of consumer control, regardless of organization type.

Foundation funded organizations received the highest control scores in all board categories, ranging from 2.3 in organizations with high resident/low client representation to 3.0 in organizations with a high percentage of both clients and residents on their boards. Among the surveyed organizations, the combined effect of funding and client board membership is quite limited; only three respondents, all community organizations, receive foundation funding and have boards composed predominately of both residents and clients.

Conclusions

Consumer control in the surveyed organizations is highest in organizations that receive foundation funding and that have a majority of both clients and community residents on their boards of directors. Consumer control (as measured by the presence or absence of formal access structures) is lowest in organizations that operate in resource poor environments and must ration services (often through the use of an income-test) rather than increase consumer access to services. Consumer control is also low in organizations that receive government funding regardless of the percentage of community residents or clients on their boards of directors. In government funded organizations, staff members and government regulators set policy. Board members alone are more likely to make policy decisions in foundation funded organizations.

The importance of organization budgets to the implementation of access strategies organization is not addressed in the social planning literature, however. Tourginy and Miller (1981) argue that grass-roots funded organizations are more likely to encourage consumer control than are organizations that receive funding from external sources. Gilbert and Spect (1974) believe that the social services planner's preferences are the dominant factor in the choice of access strategies. The data presented here suggests that the organization's budget as well as the organization's ability to fundraise (either from grass-roots sources in relatively affluent communities or from foundations and government agencies) is central to the organization's use of consumer-inclusive access strategies.

These findings have several implications for social work practice. Organizations that receive funding from several sources are less likely to become dependent upon a single funder. External funding from non-restrictive sources appears to be essential to ensuring consumer control of social welfare organizations. The combination of foundation funding and community-based boards of directors helps organizations serving poor consumers increase access to services. Government funding is associated with regulations that restrict the organization's ability to incorporate the needs and wishes of poor consumers in the service delivery process. Social workers must advocate to change funding patterns and regulations that reduce services for poor clients.

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